UNITED
NATIONS

TD

United Nations Conference
on Trade and Development

Distr.
GENERAL

TD/B/39(2)/14
1 February 1993

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Thirty-ninth session
Second part
Geneva, 15 - 26 March 1993
Agenda item 2 of the Provisional Agenda

FOLLOW-UP TO THE RECOMMENDATIONS ADOPTED BY THE CONFERENCE AT ITS EIGHTH SESSION: POLICIES FOR HUMAN RESOURCES DEVELOPMENT, WITH PARTICULAR REFERENCE TO TECHNICAL COOPERATION ACTIVITIES FOR TRADE AND DEVELOPMENT

The Development of Human Resources for Trade

Report by the Secretary-General

LIST OF ABBREVIATIONS

ACIS	Advance Cargo Information System
ASYCUDA	Automated System for Customs Data Processing Programme of the Economic Community of West African States
DMFAS	Debt Management and Financial Analysis System
FAO	Food and Agricultural Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
HRD	Human Resources Development
ICAO	International Civil Aviation Organization
ILO	International Labour Office
IMF	International Monetary Fund
IMO	International Maritime Organization
IPP	Improving Ports Performance
ITC	International Trade Centre
ITU	International Telecommunication Union
NAFTA	North America Free Trade Area
SIDA	Swedish International Development Authority
SMART	Software for Market access and Restrictions to Trade
TCDC	Technical Cooperation/Development Cooperation
TRAINFORTRADE	TRAINing in the field of FOReign TRADE
TRAINMAR	TRAINing for MARitime transport
TRAINS	Trade Analysis and Information System
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
UPU	Universal Postal Union
WIPO	World Intellectual Property Organization

EXECUTIVE SUMMARY

(i) In light of the Cartagena Commitment of UNCTAD VIII, which drew attention to the importance of human resources development (HRD), this paper is concerned with policies for human resources development in areas related to trade, with particular reference to UNCTAD's technical cooperation activities.

(ii) The framework of international trade is undergoing far-reaching structural transformation driven mainly by computer, telecommunications and transport technologies. Transaction costs have been considerably reduced. A large number of non tradeables have become tradeables, and services, including modern producer services, have become a key element in competitiveness. In the context of the Uruguay Round, as well as new environmental concerns, there will be increasing pressures on developing countries and countries in transition to reform their trade policies in line with those of developed countries. In meeting these challenges, the development of human resources is a vital strategic factor, if developing countries are to enhance their competitiveness and take advantage of the changing international environment of trade.

(iii) Most developing countries have made efforts to train their nationals both overseas and more importantly, locally, in trade-related areas. These efforts have in many cases been supported by external assistance, in particular by international agencies and organizations. However, there are a number of shortcomings relating to training programmes and curricula, training institutions and insufficient involvement of users/beneficiaries. In order to design and implement a successful HRD policy for trade, four main elements should be considered:

(a) Cooperation among the trade sector, the training system, and the public sector;

(b) The introduction of agreed national HRD policies, including an assessment of the manpower requirements, the training needs, and their translation into appropriate programmes;

(c) The development of national training capacities which are cost-effective and have a multiplier effect; and

(4) The creation of an inter-country cooperative network of institutions.

The approach taken by UNCTAD's TRAINMAR programme, and by the more recently launched TRAINFORTRADE programme, is presented as it attempts to give effect to the recommended HRD strategy.

(iv) The final chapter of the paper contains recommendations relating to UNCTAD's role in supporting developing countries and economies in transition in their HRD efforts. Seminars and workshops to familiarize policy-makers with the subject, to promote exchanges of views, and to disseminate information and databases should be systematically continued. Similarly, on-the-job training in the context of advisory services should be pursued. In view of the large and growing needs for HRD in trade-related areas, the TRAINMAR and TRAINFORTRADE programmes should be pursued and expanded in cooperation with ITC and other UN organizations. Networks of cooperation with research and training institutions should be developed and supported by UNCTAD, which should also develop a research programme in HRD and training for trade.

INTRODUCTION

A. UNCTAD VIII and human resources development

1. The Cartagena Commitment adopted by UNCTAD VIII contains several references to human resources development (HRD), based on the view that enhanced participation by developing countries and economies in transition in the world economy depends, *inter alia*, on "strong policies for human resources development".[1] In its programme of work to review the implementation of the Cartagena Commitment, the UNCTAD Trade and Development Board decided that HRD would be one of the issues addressed. Thus, at the first part of its 39th session, it decided to review, at the second part, policies for HRD paying particular attention to technical cooperation activities for trade and development.

2. There are various references in the Cartagena Commitment to human resources development (HRD) in its widest context. Thus, "good management" entails "the developing of human resources required to support economic activity;"[2] likewise under "resources for development" the "importance of giving high priority to the development of human resources, especially with regard to women, particularly to improve the status of rural women" is emphasized.[3] Similarly, in the context of strengthening the technological capacities of developing countries, policies aiming at "the expansion and adaptation of their educational systems, including vocational training" are advocated.[4] These and similar references[5] in the Cartagena Commitment often take the form of exhortations. They tend to make the general point that "in a global economy, the competitive advantage of nations depends increasingly not on their stock of physical resources but on the quality of their labour forces."[6] Such general recommendations are, of course, not monitorable as such, at least not in the context of the Trade and Development Board.

3. Other recommendations of UNCTAD VIII focus closely on trade and related areas, wherein UNCTAD is called upon to "strengthen its technical cooperation in the area of trade" with particular reference to training and human resources development.[7] Recommendations of a similar nature concern technical co-operation and training for human resources development in the area of commodity processing, marketing and distribution, the use of mechanisms to reduce price and other commodity-related risks[8] and transfer of technology.[9]

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1 The Cartagena Commitment, Part III, section C, paragraph 63 (1)

2 *Ibid*, Part II, Section A, paragraph 28

3 *Ibid*, Part IV, Section A, paragraph 94

4 *Ibid*, Part IV, Section C, item 2, paragraph 166.

5 Another example concerns the Least Developed Countries, which are called upon to "continue to enhance the implementation of national policies and resources in line with the Programme of Action, through... the enhancement of human and institutional capacities and the expansion and modernization of the economic base", *Ibid*, Part IV, section F, paragraph 217.

6 "Education Survey", *The Economist*, 21 November 1992, P. 17.

7 *Ibid*, Part IV, Section B, item 3(f), paragraph 163. In addition, paragraph 213 requests the Secretariat to provide "information and assistance" on the use of mechanisms to reduce price and other commodity-related risks.

8 *Ibid*, Part IV, Section E, item 4, paragraphs 211 and 213

9 *Ibid*, Part IV, Section C, Item 2, paragraph 176(c)

B. A definition of the trade "sector" for HRD and training purposes

4. With an increasing number of actors in enterprises and in government engaged directly or indirectly in international trade, it does not seem appropriate, strictly speaking, to refer to a "trade sector". An extensive array of functions or subject areas relate to trade in one form or another, and call for specialized skills and training.

5. A representative list of some of the subject areas would include:

- Export policies - Export incentives - Policies to promote the transfer of technology - Competition policies - Interrelationship between trade and the environment - Trade and sustainable management of natural resources - Commodity price risk management - Trade finance, credit guarantees, banking and insurance - Commercial and financial information access and analysis - Trade efficiency, including trade documentation and customs administration	- Trade in Services - Export marketing and market research - Export management - Import policies - Product design and adaptation - Export packaging and labelling - Export costing and pricing - Import procurement and supply - Transport and logistics - Contractual and legal forms, including trademark and patent protection - Inspection and quality control - Physical distribution: planning, management and control - Trade facilitation

6. These subject areas may in some cases be further broken down by sector of activity. Thus, export management of a bulk commodity - say rice - would require different skills and involve different distribution channels than those related to, say, garments or furniture. Furthermore, the issues recapitulated under the rubric "trade in services" would be included within the purview of trade-related HRD and training policies. Consequently, specific attention may need to be given to internationally traded service activities such as banking, insurance, tourism, computer software, construction, and professional services.

7. HRD and training in the sense covered by this paper differs somewhat from "business training". On the one hand, it would **not** cover such functions as production, personnel management, budget control and accounting. On the other hand, it would indeed encompass certain elements of a macroeconomic or policy nature, where several of the main actors are not part of the "business sector".

C. Scope

8. This paper, in accordance with agenda item 2, concentrates on policies for human resources development in the context of technical cooperation activities in trade and related areas. It does not address general issues in the area of human resources development, for which there is a growing literature produced by international organizations (eg. UNDP's annual Human Development Reports) and the academic community.[10] While the paper attempts to take into account activities of other agencies in the United Nations system, it is largely concerned with the technical cooperation experience of the UNCTAD secretariat regarding HRD and training activities for trade and trade-related subjects.

9. In this paper, the concept of **human resource development** is defined as consisting of two inter-related elements: **manpower policy** and **training policy**. Manpower policy covers the functions of manpower planning (including audit, supply and demand forecasts), evaluation of performance and personnel management (including recruitment, career development and redeployment). Training policy - sometimes called production of skilled manpower - covers the following: assessment of training needs, development of training programmes and materials, training of trainers, management of the training function (including training implementation), and evaluation of training and of the training function. Manpower policy is primarily the responsibility of the "operational system" i.e. government and enterprises, whereas training policy is primarily the responsibility of the educational and training system.

10. Chapter I summarizes recent developments in the changing framework of international trade. It argues that HRD is a strategic factor in international trade and competitiveness. Chapter II, entitled "Formulating and Implementing Human Resources Development in International Trade", consists of two sections: the first one provides an overview of the present situation as regards HRD for trade along with a brief description of some multilateral training programmes in this area, and identifies some of the main shortcomings; the second section outlines the secretariat's views of what elements could constitute an efficient HRD strategy for trade and describes UNCTAD's work as a recommended application of this strategy. Finally, chapter III presents some suggestions for UNCTAD's future role in human resources development for trade. The analysis extends to both developing countries and, *mutatis mutandis*, to countries in transition.

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[10] Nor does this paper address adequately HRD and training needs covering the whole of UNCTAD's mandate and technical co-operation activities. In particular, issues related to debt management, and certain aspects of commodities, such as national resource assessment or integration of the commodity sector in the national economy, are only indirectly related to trade and are not specifically covered.

I. HUMAN RESOURCE DEVELOPMENT AS A STRATEGIC FACTOR IN INTERNATIONAL TRADE AND COMPETITIVENESS [1]

11. The framework of international trade is undergoing far-reaching structural transformation, driven mainly by the new technological revolution characterized in the main by advances in technologies related to computers, telecommunications and transport. This transformation has implications, *inter alia*, for the human resources development needs of developing countries and economies in transition. The development and strengthening of their trading, technological and information capacities will be essential, if these countries are to exploit fully their trading opportunities, avert the risks of marginalization and enhance their participation in the newly emerging international division of labour.

12. In both developing countries and economies in transition, the need for an efficient human resources development policy for trade is further underlined by recently initiated market-oriented trade policy reforms, including moves towards privatization and reform of public enterprises. Domestic policy reforms have generated new additional human resource needs, both in the government and in the enterprise sector.

13. Advances in transport, communications and computer technologies have widened considerably the scope for international division of labour. Transaction costs have been considerably reduced. A large number of non-tradeables have thus become tradeable. International trade has in most cases become more efficient in terms of moving goods from one country to another, organizing exchanges in services, generating tradeable packages which include both goods and services, providing for payment, and facilitating communications between buyers and sellers. These developments are instrumental to accelerating the process of globalization and deepening of international economic integration. Hence, few enterprises or government departments, can function efficiently without a grasp of international trade issues and practices.

14. Given the inadequacy of economic, information and technological infrastructure in developing countries and their lower capacity to absorb and adjust to the new approaches and technologies, these countries are not able to take full advantage of the trading opportunities that are emerging as a result of technological developments. Attainment and management of higher levels of technological development will be essential for the developing countries if they are to enhance their international competitiveness and improve their access to new dynamic areas of international trade. An appropriate human resources development policy in this context hardly needs to be stressed.

15. One significant dimension of the emerging international division of labour is the increasingly strategic importance of services, in particular producer services (e.g. those used by enterprises as inputs in their own production of goods and services) in international trade and competitiveness. Over the last two decades, international trade in services had increased rapidly, with the linkages between trade, technology, investment and services growing more intense. These linkages have brought about a wider appreciation of the strategic importance of services for the development process and the contribution which producer services can make to increasing the efficiency, productivity and competitiveness of other sectors.

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[1] Recent UNCTAD reports have addressed the range of policy issues affecting the trade of developing countries. See, for example, TD/B/39(II)/3 on Trade Policy Reforms in Developing countries and the International Support Required, submitted to the present session of the Board, and TD/B/WG.4./2 on Expansion of trading opportunities for developing countries, submitted to the Ad Hoc Working Group on the same subject.

16. In most developing countries, modern producer services sectors are either non-existent or are at a very early stage of development. Services sectors of these countries are mostly concentrated in low-productivity areas with few linkages to trade in goods. This imposes a major constraint on their capacity to participate in the emerging international division of labour in services and to enhance their competitiveness in other sectors. Furthermore, a large majority of developing countries do not have the corporate structures and information networks necessary for the delivery of many of their services to world markets. A key and, hitherto, often neglected factor is the need to strengthen the services sectors in developing countries through human resources development, in particular the development of knowledge-intensive services.

17. Another dimension of the changing international trading framework arises from institutional developments in the area of multilateral trade. As is evident from the Uruguay Round and regional initiatives, such as the Single European Market and the North America Free Trade Area (NAFTA), trade-related domestic policies, institutional practices and regulations are becoming internationally or regionally negotiable propositions. In the post-Uruguay Round era, the new agenda in the field of international trade policy is likely to involve a shift from trade liberalization based on reciprocal tariff concessions to rule-making for the progressive harmonization of trade and trade-related policies, including competition laws, and regulating regimes, including policies for environmental protection. The new environmental concerns in both importing and exporting countries may, depending on circumstances, create new obstacles to trade or provide new opportunities. Such developments call for new skills on the part of negotiators and government officials responsible for ensuring implementation of trade agreements.

18. As these policies and regulating regimes become increasingly harmonized either at the global or regional levels, there will be increasing pressure on developing countries to bring their trade and trade-related policies and regulatory regimes more in line with those of developed countries, a trend now accepted by the developing countries themselves. In this context, developing countries will in future face growing competitive pressures, particularly as they are obliged to undertake increasing commitments and responsibilities and to observe GATT disciplines. At the same time, preferential margins in their favour are likely to be reduced or eliminated by the advance in trade liberalization. The competitive pressures arising from the process of globalization and institutional developments in the field of multilateral trade have no doubt contributed to a greater appreciation in both the developed and the developing countries of the need, *inter alia*, of human resources development, especially as concerns the new skills and knowledge necessary for strengthening economic efficiency.

19. Thus, developing countries and economies in transition will need to continue to strengthen their institutional and human capacities to analyse, develop and implement trade policies that, on the one hand, exploit new trading opportunities and, on the other hand, take advantage of new international trade rules and practices, for example those arising from the Uruguay Round of multilateral trade negotiations. Institutional development in the context

of trade and trade-related sectors encompasses several distinct activities.[12] The development of human resources in government agencies, in the private sector and in academic/training institutions is imperative; it involves both more structured training and on-the-job research. New institutional systems will need to be elaborated or reorganized, both by governments, to enable coordination of national policies vis-à-vis a significantly more complex international trading regime, and by universities/research institutions aimed at developing the relevant curricula and training programmes.

20. Developing countries will also need to develop library facilities, information systems and access to computer software and databases on trade in order to create a mass of informed opinion on trade matters as is common, for example, in developed market economies. To this effect, they may wish to strengthen sub-regional cooperation arrangements and improve their contacts and interaction with the secretariats of the main international organisations dealing with trade issues as well as with universities and research institutions at home and abroad. Such contacts could have a significant impact on human resources development, in helping to shape government policies and in building up a country or region-specific research agenda on those issues with a substantial potential for increased trade.

21. Human resources development and institution-building address many matters requiring a long-term commitment. Some developing countries, particularly in parts of Asia and Latin America, have successfully developed human and institutional capacities in the trade sector to exploit new trade opportunities. However, the time available for the preparation of this paper did not permit an evaluation of the lessons of their instructive experience.

II. FORMULATING AND IMPLEMENTING HUMAN RESOURCES DEVELOPMENT IN INTERNATIONAL TRADE

A. Overview of the present situation

(1) Training in international trade

22. A comprehensive account of all training undertaken both locally and overseas in the area of trade is not available. The great bulk of such training takes place locally, whether through local institutions (vocational, technical or university training) or through direct training, whereby numerous direct seminars and short courses in trade-related areas are delivered in developing countries by visiting lecturers or specialists. In addition, a large number of students and staff from developing countries attend courses overseas on trade issues and in such areas as economics, business, banking and insurance etc., all of which have a trade-related component.

23. A number of developing countries have developed facilities for trade-related and business training. Universities of developing countries have increasingly extended their courses in international business. Research and training institutes of foreign trade or business schools have

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[12] See in this regard chapter VIII of the recent UNDP evaluation of the UNDP/UNCTAD regional project of assistance to Asian/Pacific developing countries participating in the multilateral trade negotiations - RAS/86/020.

been created, generally with the support of universities of developed countries and donor agencies. In specialized trade-related services, as for instance the management of maritime transport and ports, local or subregional training capabilities have been created and developed. In the field of insurance, similar activities have been recorded in several regions through the development of regional insurance training institutes.

24. New training materials including case studies related to local situations have been developed, sometimes with the help of international consultants. Fellowships programmes have been arranged for training staff. Short-term missions carried out by specialized consultants have been organized to facilitate the implementation of new international business training programmes.

(2) Multilateral Technical Cooperation for trade-related training

25. These efforts by developing countries have in many cases been supported by bilateral and multilateral technical cooperation. As concerns multilateral technical cooperation, resources for activities in the area of trade are very modest (about 2 per cent of the overall total). It is thus not surprising that not all the subjects and issues discussed in Chapter I and listed in the chart under paragraph 5 are adequately treated.

26. Several multilateral organizations currently offer developing countries support in trade-related training, for example the Food and Agricultural Organization of the United Nations (FAO), the General Agreement on Tariffs and Trade (GATT), the International Labour Office (ILO), the International Monetary Fund (IMF), the International Maritime Organization (IMO), the International Trade Centre UNCTAD/GATT (ITC), the United Nations, the United Nations Industrial Development Organization (UNIDO), the World Intellectual Property Organization (WIPO) and the World Bank. The following is a very brief summary of information on trade-related training carried out by some of these organizations.

27. The secretariat of the General Agreement on Trade and Tariffs (GATT) has offered three-month trade policy courses biannually since 1955. As of the end of 1992, some 1,294 officials from 118 countries and 10 regional organizations have attended these courses. In 1991 and 1992, the GATT secretariat organized special trade-policy courses designed specifically for officials from the economies in transition of Eastern and Central Europe. GATT has also offered seminars and workshops on GATT dispute settlement procedures and practices, and on multilateral trade negotiations, including trade negotiation simulation exercises.

28. The management training activities of the International Labour Office (ILO) are now concentrated in its recently-created Enterprise and Cooperative Development Department which aims to help all types of enterprises (private, public, and cooperatives) to increase productivity, improve management and control quality. As regards training in trade-related functions, ILO provides courses on distribution and transport management; this comprises the commercial activities of wholesaling, retailing and road transport, both passenger and freight, and certain aspects of port management. Under the cooperative programme, trade relations are actively promoted between cooperatives in industrialized and developing countries as well as those among the latter countries. This effort also includes HRD activities. Some trade-related training activities are carried out at the International Training Centre in Turin, Italy.

29. The primary objective of the HRD programme of United Nations Industrial Development Organization (UNIDO) is "to assist developing countries in building up coherent and sustainable systems for upgrading local technological skills and managerial and entrepreneurial capabilities."[13] UNIDO-sponsored policy-oriented training workshops focus on fields such as repair and maintenance; quality control; investment project preparation, appraisal and promotion; enterprise and factory management; energy conservation and substitution; and industrial safety and environmental protection.

30. In the field of promotion and development of trade and exchange of industrial manufactures goods, UNIDO has launched a fellowship programme for developing countries associated with the Investment Promotion Services (IPS) and centres established in 11 developed and mid-developed countries (in the cities of Cologne, Milan, Paris, Seoul, Tokyo, Vienna, Warsaw, Washington, Zurich, Beijing and Moscow). The programme consists in placing selected investment and trade promotion professionals from developing countries for a period of one to two years with IPSs for the purpose of teaching and helping them to acquire on-the-spot the tools essential for business development.

31. The human resources development efforts of the International Trade Centre UNCTAD/GATT (ITC) are focused on upgrading the expertise of business executives, trade promotion officials and representatives of export service organizations. The Centre's approach to HRD starts with an identification of development needs and an assessment of national capacities. Tailor-made HRD strategies are then developed on the basis of priority needs and local capacities. These strategies take an integrated approach, rather than apply ad hoc measures. The aim is to strengthen local capacities to assist practitioners in problem-solving on a cost-effective basis. In countries where viable HRD organizations exist, efforts concentrate on strategic development, strengthening of faculty and programmes, and the involvement of business in HRD concepts and implementation. In those countries where no suitable institutions exist, emphasis is placed on the development of non-traditional HRD capacities through direct involvement of the business community and trade-support organizations.

32. For those institutions already engaged in practical business training, extension services are developed consisting of applied research and business consultancy. In addition to executive-type programmes, selected institutions have introduced longer programmes leading to certificates or diplomas in international trade. To encourage self-sustaining development in the longer term, ITC has been instrumental in creating regional groupings of HRD institutions committed to international trade. These networks have enhanced their capacity through the exchange of programmes, joint faculty research, and development of training materials. ITC will continue to develop its HRD approaches by extending its activities to new areas such as strengthening of consultancy capacities of training institutions, developing new materials and more actively supporting networking among institutions.

33. In 1991, there were some 4,372 participants in 160 workshops, dissemination seminars and in-service training programmes at the national, subregional, regional and interregional levels. These training events covered a wide range of subjects centred on trade promotion and export development, including several of those listed in the table in paragraph 5.

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[13] *UNIDO Industrial Training Offer Programme 1992, UNIDO*, Vienna, 26 November 1991, Document PI/110.

34. UNCTAD organizes regularly, within the framework of its technical cooperation programme, a large number of seminars on trade-related matters. In 1991[14], UNCTAD organized 50 seminars, workshops and symposiums attended by roughly 1,700 senior officials and other participants. The seminars were aimed at disseminating and exchanging information on specific policy-related issues, allowing participants the opportunity to share experiences. They covered various subjects directly related to trade, as for instance trade policies for development, control of restrictive business practices, multilateral trade negotiations, transfer and development of technology, trade expansion of countries with economies in transition, commodity trading policy, procurement of food imports, trade facilitation, and insurance.

35. Training is also provided to senior and middle-level managers in the private and public trade sector and related services. In 1991, the UNCTAD programme on Generalized System of Preferences organized 25 seminars in which about 1,500 participants took part. Other subjects, such as port management, multimodal transport, transit transport for land-locked countries, ASYCUDA and debt management were the subject of 16 workshops organized for the benefit of more than 600 participants. Research work has been carried out by the secretariat on the "Development of Human Resources in Ports", in application of resolution 61 of the 13th session of the Committee on Shipping. Like other organizations, the UNCTAD seminars are complemented with "on-the-job" training in the countries themselves through advisory services or abroad through fellowships and study tours.

36. This programme of courses and overseas training provides a modest but useful contribution to the development of human resources in developing countries. However, the increasing demand in the 1980s for training in trade and trade-related services has required a more comprehensive approach based on the strengthening or creation of local or subregional training institutions.

37. In the field of ports, shipping and multimodal transport, UNCTAD launched the TRAINMAR (TRAINing for MARitime transport) and IPP (Improving Ports Performance) programmes in 1980. TRAINMAR, with financial support in particular from UNDP, set out to develop specialized training capabilities in developing countries through the training of trainers, the decentralized development of training packages, and the implementation of a network for cooperation among countries based on the exchange of training materials and resources. IPP, with financial support notably from SIDA, set out to make available to all countries a number of high-quality training courses treating the most significant generalized management problems of the port industry. The TRAINMAR and IPP programmes had an evident complementarity; in particular, the IPP courses generated a wide interest in training which led to demands for new TRAINMAR centres, while existing TRAINMAR centres sought and made successful use of IPP courses. The TRAINMAR and IPP programmes were prepared and implemented accordingly. A large number of training packages have been prepared and disseminated widely. More than 35 centres in developing countries have acquired the capacity to contribute to the training of the shore-based management staff of multimodal and maritime transport agencies and ports. An international network of training institutions is now in operation.

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[14] Information regarding UNCTAD training activities in 1992 is being complied and will be provided to the Board.

38. The constructive experience of TRAINMAR led UNCTAD to launch more recently the TRAINFORTRADE programme based on the networking approach. Further information on TRAINMAR is contained in chapter II below, which also describes the networking approach and the scope of the TRAINFORTRADE programme.

3. Some shortcomings

39. In spite of the countries' own efforts and the support provided by technical cooperation, the level of development of the training institutions and the range and scope of trade-related training vary greatly between different countries and regions. In UNCTAD's experience, the main shortcomings relate to: training programmes and curricula; the training system/institutions, and the beneficiary/user environment.

40. Training programmes and curricula often need updating and being made more relevant.

- "In service" training seminars often do not focus sufficiently on the acquisition of new skills. Prepared on an ad hoc basis, they may lack sufficient analysis of local training needs. Insufficient time is allocated to the preparation of relevant training material, such as for instance practical exercises and case studies. The content of training programmes and pedagogical materials should be adapted at regular intervals to take account of rapid changes in international trade policies and practices.

- Diploma programmes which include international trade curricula are often too academic and not practical enough. Those taken from university and business school faculties in industrialized countries should be suitably adapted. Qualification examinations should be related to job standards or requirements based on local circumstances.

41. Many training institutions need to be reformed.

- In developing countries, universities, business schools and management training institutions are generally overloaded with very large numbers of students attending diploma and degree programmes. Teaching staff fully occupied with course delivery has very limited time to concentrate on research and course development work through which up-to-date training courses could be prepared.

- In many cases, "lip-service" is given to the importance of training, yet training institutions are not taken as seriously as they should be by the organizations which they have been set up to serve. Trainers generally have low status and are poorly paid. This results in an inability to attract the high-calibre people necessary to make training more successful.

42. The beneficiary/user institutions are rarely equal participants in the design and implementation of training programmes.

- The three main interested parties in HRD for trade - the trade and business community, the government, and the training institutions - do not cooperate as closely as necessary and there is thus little overall cohesiveness in policy or strategy.

- The business community realizes that performance in international trade is directly linked to the development of new skills which can be acquired only through specialized training. "In house" training activities are, as a rule, carried out in large companies with the assistance of consultancy firms. However, these training programmes, which tend to be expensive, are often organized on an ad hoc basis, without sufficient local preparation and/or adaptation to local needs. Enterprises and public administrations are still reluctant to contribute to training programmes. Enterprises also need to create an environment in which employees are encouraged to seek further training and then apply the new skills acquired.

43. Technical cooperation projects, including these undertaken by UNCTAD, have made a useful contribution, particularly by creating awareness of new issues at the policy level. Yet few of them have adequately addressed the need for structured HRD for trade. In UNCTAD's experience, more attention needs to be given to:

- developing and institutionalizing a national or sub-regional training capacity in the long term;

- evaluating and making maximum use of local or national expertise, which implies decentralizing training to developing country institutions; and

- mobilizing the financial resources required for a long-term commitment.

44. In many countries, the impact of training and associated technical cooperation programmes on the performance of the trade and trade-related sectors in developing countries could be enhanced through the application of HRD policies for trade outlined in chapter II B. These policies should help developing countries and economies in transition meet the challenges posed by increasing international competitiveness in international trade.

B. ELEMENTS OF AN EFFICIENT HRD STRATEGY IN TRADE

(1) Cooperation among the trade sector, the training system and government

45. The designing and implementation of a successful HRD policy for trade depends essentially in the first instance on institutionalizing cooperation among three main interested groups, namely the educational and training "system"/institutions; the business community; and governmental authorities responsible for trade policy/implementation[15]. This requires a major change from present practices, even in developed market economies, which, until relatively recently, accepted the view that the "State was a satisfactory vehicle for transmitting society's priorities to the education system."[16] Models for such cooperation will naturally vary from country to country, but the complementary interests of the three parties, as well as the relevant trade unions and professional associations, will be common.

46. The educational establishment must become increasingly cognizant of the greater challenges to HRD in trade that result from the trends discussed earlier in chapter I. In particular, policy-makers in the educational establishment should be expected to:

- review the country's training programmes in the trade-related areas, after performing an appropriate analysis of the personnel needs in this regard;
- obtain the collaboration of the economic ministries and of parastatal and private business sectors to determine jointly agreed programmes and share in their financing;
- introduce changes in existing qualification standards for instructors assigned to training institutions serving the trade sector; and
- integrate the country's existing trade-related training programmes - both in public-sector institutions, such as the national export promotion agency, and in the private sector (Chambers of Commerce, ports, shipping companies, etc.) - into a coherent structure.

47. The business community, in cooperation with the appropriate trade unions or professional organizations, should be encouraged to:

- systematically analyse its own needs for staff training in the context of intensifying competition in international markets and to cooperate with educational authorities by carrying out analyses of training needs and evaluations of training results;

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[15] In many countries, trade unions and professional associations can play an important role in human resources development and should be brought into this cooperative process.

[16] *Schools and Business: A New Partnership*, Centre for Educational Research and Innovation, Organization for Economic Cooperation and Development, Paris, 1992, p.9

- mobilize the financing needed to cover its share of the cost of agreed training programmes;

- adopt appropriate measures at the company level that will permit staff to attend approved courses during working hours without suffering a loss of salary or other benefits;

- adjust promotion criteria for staff who have attended training programmes or obtained recognized qualifications; and

- establish feedback loops at the sub-sectoral level with institutions offering trade-related training.

48. Governmental authorities responsible for external trade could take some of the following actions:

- ensure that their own staff are trained and familiarized with the rapidly changing trading environment;

- promote the introduction of fiscal and other incentives for enterprises which would encourage them to upgrade their existing staff by helping to finance their training;

- link specific activities - such as participation in trade negotiations or trade fairs, subsidized research into export markets and tours for market development purposes - with existing training programmes; and

- organize joint training events with the business sector in particular with respect to policy matters or questions of market access.

In many instances, the role of ministries of trade in the field of HRD may be one of advocacy, towards other economic ministries, or ministries of education, rather than one of direct involvement in the training process. Indeed, in certain cases where training facilities exist within public-sector trade promotion facilities, there may be a case for transferring such facilities to the business sector or to a joint body.

(2) Manpower and training policies for trade

49. Cooperation among the three parties will facilitate the introduction of agreed HRD policies for the development of trade encompassing both manpower and training components. As regards manpower policy, some or all of the following steps would generally be necessary in order to anticipate requirements for trained manpower as a function of economic and technological change:

(a) a manpower audit, which consists of an inventory of existing manpower resources, disaggregated by type of job and number of employees;

(b) a manpower supply forecast, taking into account the numbers retiring and sources of wastage;

(c) a manpower demand forecast, based on changes in job definitions and additions of new job categories, comparing manpower supply with manpower demand by job category to identify gaps.

50. Since, as already mentioned, there is no clearly defined trade "sector" as such, and the functions related to trade are dispersed among many enterprises, institutions and government departments, the determination of a manpower policy in trade-related areas will be a difficult task. Nevertheless, a coherent policy is necessary to provide guidance for recruitment, redeployment, career development and training. General manpower plans covering all activities are not specific enough to cover the needs of trade-related functions.

51. A training policy that is "market-oriented", must indicate training needs, and how and by whom such needs will be translated into appropriate programmes, delivered, and evaluated. A determination of training needs depends naturally upon the results of the manpower forecast. For example, the responsible government authority in cooperation with the business community and the training institutions will have to decide how and by whom the training will be carried out, taking into account the quantitative needs for the main job categories. Ideally, an annual forecast of training needs for the next three to five years would then be prepared. On the basis of this forecast, an assessment could be made of the training facilities and instructional staff required in order to satisfy the manpower demands.

(3) Development of national training capacities

52. Some training needs will be met by training abroad or by direct training locally by overseas experts. But an essential requirement for an effective HRD policy for trade is the need to give priority to the strengthening (or creation) of local training capabilities.[17] The main advantage of developing local training capabilities is the following:

(a) it is usually more cost-effective, and has a multiplier effect;

(b) local institutions are best suited to ensure that the training corresponds to identified needs, and that the course content is fully relevant to the local and international environment of the country concerned;

(c) developing local training capabilities has important synergies with other functions supportive of trade. The same staff can combine teaching with research; centres of training can thus play an important role by analysing policy options and determining negotiating positions - functions that can only be undertaken at the national level as an integral part of capacity-building. Similarly, training staff can undertake a number of consultancy/advisory functions with regard to enterprises engaged in international trade; and

(d) local training helps to limit the brain-drain.

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[17] See *"Strengthening International Business Training in Developing Countries: Strategic issues and elements of an integrated programme"*, ITC, 1991, for an overview of the issues related to the development of national training capacities in developing countries.

53. The development of local training capabilities need not of course preclude other modalities. In small countries, the target population may be too small to support significant training by local institutions, but even so in those cases, efforts should be made to strengthen regional cooperation on training. Conversely, even in the largest developing countries, as in developed market economies, certain highly specialized skills may be acquired only by training overseas. Similarly, when it is desired to sensitize policy makers or promote exchanges of views and policy experiences, this undertaking may generally be best organized directly by international organizations.

54. In spite of the generally agreed cost-effectiveness of developing local training capacities, initial investment in building up this capacity is high. Most developing countries would require external support and technical cooperation to this end.[18]

(4) International networking: TRAINMAR and TRAINFORTRADE

55. Cooperation on training and HRD programmes can extend beyond the national level, through cooperation among national training institutions known as the **cooperative network strategy**. This approach has been devised and implemented by the International Telecommunication Union (ITU), the United Nations Conference on Trade and Development (UNCTAD), the International Civil Aviation Organization (ICAO) and is being planned by the Universal Post Union (UPU). The main elements of this strategy [19] are the following:

(a) a group of training centres with similar training needs agree to join a network and cooperate in sharing the training development task and related costs. The main member centres are in developing countries, but training institutions in developed countries assist in supporting the network.

(b) each course developed by a member of the network is provided to all the other members of the network on a fully reciprocal basis. These courses are adapted to meet the need of each participating centre country.

(c) the course development activities are centrally coordinated to ensure quality control, to meet common needs, and to avoid duplication.

(d) in order that courses are readily exchangeable, common standards are applied throughout the network, both in the methodology of course design and in the form of presentation of the material. Trainee material and instructor material are fully documented.

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[18] For example, when deriving the number of staff and size of facilities required, a set of standards based on experience of developed and developing countries can be applied, using for example the UNCTAD "Training Management Guidelines".

[19] For a description and assessment of this approach see *TRAIN-X. The Co-operative Training Network, A Global Review* by Graham Tarr and Damien Lascu, commissioned by UNDP, New York, August 1992.

(e) for the common standards to be correctly applied, the network organizes joint training of course developers.

(f) in order to establish conditions in which the network can operate, the member training centres usually need strengthening. There is thus often a strong institution-building component in the technical cooperation projects through which the network is established. This usually concentrates on the human resources involved, but often includes provision of training equipment.

(g) Exchange of instructors and of students between centres is organized whenever this is the most cost-effective way.

56. There are several benefits to this approach. The network strategy justifies heavy initial investment in high-quality material, because costs are spread over a much larger target population. This allows the use of more effective modern training techniques. As an example, computer-assisted training is becoming fully applicable to training in developing countries. Although authoring programs are becoming more cost-effective, many individual institutions find it difficult to justify using this technique. For a network as a whole, however, the cost may be amply justified. Another attraction of this strategy is that it includes a substantial element of TCDC.

57. Within UNCTAD, both TRAINMAR and TRAINFORTRADE attempt to put into practice the principles outlined above. In order to illustrate how, in a cost-effective manner, assistance can be provided to developing countries to improve their HRD strategies in trade-related areas, the TRAINFORTRADE approach will be presented briefly, building on the TRAINMAR experience.

58. The cooperative networking approach applied by UNCTAD through TRAINMAR in the maritime management field was originally tested in the field of telecommunications through the ITU/UNDP programmes CODEVTEL (COurse DEVelopment in the field of TELecommunications). The same approach was transferred to the civil aviation sector through the ICAO/UNDP/TRAINAIR (Training in the field of civil aviation) programme.

59. Since 1988, TRAINMAR has become a regular activity of UNCTAD. Based in the Division for Services Development, the TRAINMAR central support team provides assistance to developing countries through a network of 35 institutions described in paragraph 37 above. Maritime, multimodal and port training institutions willing to join the TRAINMAR network can obtain assistance in management of human resources and training of trainers. About 40 maritime and port management training packages developed according to TRAINMAR standards are now available. Several support centres from developed countries have recently joined the TRAINMAR network. These centres ensure that quality standards are applied, and contribute to the development of new courses and to the training of trainers.

60. TRAINMAR has also contributed to more practical diploma courses through the design of a programme for officials already working in the maritime industry. Such people can follow a series of TRAINMAR courses either part-time or on a modular basis and so qualify for a diploma equivalent to that awarded to graduates of a full-time two-year course. This has been operational in the Regional Maritime Academy in Abidjan, Côte d'Ivoire since 1989 and is serving as a model for similar ventures in other countries.[20]

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[20] Presentation of the pedagogic programme of the "Ecole Supérieure des Transports Maritimes" of the Regional Maritime Academy in Abidjan, Report of project RAF/87/089, September 1987.

61. The approach tested by UNCTAD through TRAINMAR has demonstrated:[21]

- that training can be more efficient if delivered at national or subregional level; and

- that cooperation among countries, and the sharing of training resources among training institutions can reduce the cost of training while maintaining high quality standards.

62. However, the TRAINMAR experience has also shown that investment in training is efficient only if integrated into an overall HRD strategy whereby trainees have the opportunity to apply in their job environment the new skills acquired and when training is seen as a means to improve individual career development. Some countries (for instance Morocco and Malaysia) have, in parallel with the development of a training capability, started to implement a new human resources development policy in the field of port management.

63. Based on TRAINMAR's positive experience and taking into account the increasing demand expressed by developing countries for training in other trade-related areas, UNCTAD in collaboration with ITC decided to apply the network institution-building approach to the trade sector and related services through a new programme called TRAINFORTRADE (TRAINing in the field of FOReign TRADE). The launching of the programme has been made possible through the generous support of the Governments of France, Italy, Luxembourg and Switzerland, the Commission of the European Communities and UNDP.

64. The TRAINFORTRADE programme is a global approach to human resources development in the field of foreign trade and trade-related services. It aims at the development of a cooperative network to reinforce the existing capacity of qualified trade training institutions in developing countries and economies in transition. The programme seeks to help officials acquire skills to use the new trading instruments and techniques developed in recent years and to exploit new trading opportunities arising from changes in the international economic and political environment and in international trade rules and regulations. The subjects covered by the programme encompass many of those listed in paragraph 5 of this paper as well as the range of subjects discussed in chapter I.

65. The direct beneficiaries of TRAINFORTRADE are business schools, management institutes, faculties of economy and schools of commerce/universities in interested countries. Target populations benefitting from courses include both the private and public sectors:

(a) private sector: chambers of commerce; enterprises; export associations; commodity trading companies; banks; insurance companies and auxiliaries.

(b) public sector: ministries of trade, economy, finance, industry, planning, agriculture; parastatal bodies.

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[21] See *Evaluation of Technical co-operation programme in the field of maritime and multi-modal transport* (TD/B/C4/331 of 18 April 1990). This evaluation included a review of TRAINMAR, the findings and conclusions of which have been incorporated into subsequent TRAINMAR activities.

The programme is not limited to providing "in career" job-oriented training to trade practitioners already in post. It will also facilitate the development of pre-career training programmes for newcomers as well as internationally recognized career development schemes for trade practitioners including international trade executives.

66. The aim of the TRAINFORTRADE approach may be summarized as follows:

(a) the strengthening, through the development or creation of a trade-related training capacity, of existing qualified institutions that cooperate in a network by exchanging training materials, training staff and information.

(b) the design, production and delivery of high-quality training courses adapted and up-dated locally as required by training course developers and delivered regularly by local course leaders.

67. TRAINFORTRADE, which was launched on a pilot basis in 1990, has:

(a) designed and produced a series of model training packages on the following subjects:

- Commodities trading and risk management;
- Trade with EC single market countries after 1992;
- Competition policy and Restrictive Business Practices (RBPs);
- National trade policies (available, April 1993);
- Trade and environment (available, April 1993);
- Export-oriented joint ventures (ITC, available mid-1993);
- Promotion of intra-PTA trade (ITC, available mid-1993).

During 1991/1992, some 10 pilot workshops on the first three subjects had been delivered to more than 200 officials.

(b) initiated the beginning of a network of member institutions in Central America, Asia, North Africa and the Indian Ocean region.

(c) conducted a study of the main functions of trade and trade-related services sectors and their corresponding needs. The results of this study will help developing countries to define their HRD policies for trade in the following areas: marketing management including market access; trade policy; commodity trading; transport and logistics; financial services; trade information analysis; leisure investment and tourism. This study will serve to define the long-term work plan of the TRAINFORTRADE programme.

68. Present indications suggest that the TRAINMAR and TRAINFORTRADE approach, based on the sharing of the course development cost among several training institutions, is cost-effective despite the up-front investment required to develop high-quality training materials. Course development costs vary considerably depending on the mode of delivery, i.e. whether a course is instructor-led group training or individualized computer-assisted. However, it is estimated that the development cost of a management level TRAINFORTRADE course can be amortized over a target population of several hundred trainees at a range of between US $40 to $100 per student/per day of training.

69. Both TRAINMAR and TRAINFORTRADE allow for the dissemination of training packages to a large number of trainees all over the world. Furthermore, it should be kept in mind that a pre-prepared, material-based course is normally significantly shorter than a traditional instructor-based course. Since salary and travel expenses for trainees usually constitute the greater portion of the cost of training, savings resulting from a shorter duration of the training period, or the elimination of travel costs in the case of distance learning made possible through computer-assisted material, may largely offset the initial investment in course development.

70. TRAINFORTRADE is still in its early stages of development; many of the institutions presently identified to be members of the network have not yet reached the stage where they can determine their training needs and establish the cooperative approach with users that is optimal for success. As with many other technical cooperation programmes, the sustainability of institutions will be difficult to achieve.

71. Nevertheless, the network approach, with its inherent TCDC features, is promising and well worth pursuing. As the recent review of the cooperative training network by UNDP states: "the long-term training needs of developing countries can only be satisfied by sharing- out the training development task and avoiding duplication"; and "the most effective way in which the training development can be shared is by the cooperative training network strategy originated by ITU and further developed by UNCTAD and ICAO".[22]

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[22] *Train-X, ibid*, 19

III. UNCTAD'S FUTURE ROLE IN HRD FOR TRADE

72. HRD is a strategic factor in international trade and competitiveness. Developing countries and countries in transition should fully recognize that their trade performance will depend increasingly on the development of human resources in trade-related areas and give a high priority to this activity.

73. The primary responsibility for the development of human resources in trade rests with each country. However, small countries may find it helpful to cooperate with other countries on a sub-regional basis.

74. Donors and multilateral agencies have an important role to play in supporting developing countries in their efforts to design and implement HRD policies and training programmes in this sector. Other assistance for the development of trade or market access concessions risk becoming ineffective in the absence of corresponding support for trade-related domestic capacity-building and HRD. Multilateral agencies, given their independence from particular national interests, may make a significant contribution in this regard, in the context of their financial and technical cooperation programmes.

75. UNCTAD's own role in this area will necessarily remain modest, however energetically it pursues the existing programmes. It can at best only constitute a small fraction of the support needed by developing countries and countries in transition. This role, which needs to be strengthened, can make the greatest contribution by being mainly catalytic.

76. UNCTAD's technical cooperation can contribute in a number of ways to the development of human resources for trade. First, so as to ensure that policy-makers become familiar with the rapidly changing trade environment, UNCTAD should continue to provide them with opportunities to meet other international experts and to exchange experiences with colleagues from other countries. Such "information dissemination/exchange seminars" should focus essentially on policy issues directly relevant to the current UNCTAD agenda.

77. Secondly, information on such new subjects as, for instance, the outcome of multilateral trade negotiations, implementation of trade agreements including environmental issues, competition policy, investment/technology and trade efficiency should continue to be disseminated through UNCTAD's technical cooperation programme for the widest possible coverage. Specialized training will of course continue. Without being exhaustive this list would include, for example, training in the use of UNCTAD software packages such as ASYCUDA, DMFAS, SMART, TRAINS, and on the Generalized System of Preferences. Training on transport issues, for example multi-modal transport, ports, transit transport to land-locked countries, including ACIS, should continue to be organized through interregional, subregional or national seminars and workshops sponsored by UNCTAD. The range of subjects should be expanded to include such issues as trade policy, diversification, commodity price and risk management, insurance and other financial subjects.

78. Thirdly, on-the-job training linked to advisory services should be encouraged to facilitate the implementation of national trade policy decisions, as well as to ensure the transfer of skills to nationals, so that eventually technical cooperation may be dispensed with.

79. Most of the training sessions or exchanges of experience will necessarily continue to be of an ad hoc nature and depend on requests received, availability of funding and the outcome of inter governmental deliberations. Notwithstanding, UNCTAD should endeavour to systematize the definition of the objectives of such sessions the design of the programmes, including pedagogic materials and visual supports, and evaluations of the benefits of training delivered.

80. Seminars and workshops for the purposes of training, or dissemination and exchange of information, whether undertaken by UNCTAD or other international organizations, cannot possibly meet all the quantitative and qualitative needs for trade-related HRD and training in developing countries. As developed countries themselves recognize, these vast training needs in trade-related areas are constantly changing and growing. Trade officials must adapt their skills continuously in the face of rapid changes, otherwise obsolescence sets in.

81. Fourthly, and consequently, the training challenge should be seized by developing countries themselves through the creation and strengthening of training institutions in their own countries or sub-regions. Hence, the activities of UNCTAD should be oriented towards encouraging and assisting with:

(a) the identification of HRD needs;

(b) the development and adaptation of training programmes;

(c) the training of trainers; and

(d) the promotion of cooperation among training institutions.

82. UNCTAD should strengthen its cooperation with ITC on the development of training networks. Other United Nations agencies engaged in training in trade-related areas should be invited to join in this cooperative effort, including those for example mentioned above in paragraph 26. The interface between TRAINMAR and TRAINFORTRADE should be further elaborated: these two programmes must continue to enhance one another through the sharing pedagogic materials and methodological advances and by careful coordination so that each benefits from the other's experience.

83. Donors should be encouraged to continue and if possible increase their support to UNCTAD and ITC in the area of training in trade-related areas for the reasons explained in this paper, as an important means of strengthening international trade. Such support should be extended to the various types of training and HRD undertaken by both organizations, including the TRAINFORTRADE and TRAINMAR programmes.

84. As already noted, TRAINMAR and TRAINFORTRADE began as technical cooperation activities. They were developed on the basis of donor funding through extra-budgetary resources. Their development drew heavily on the technical and substantive support of the UNCTAD secretariat. TRAINMAR is now a major international programme relying on continued UNCTAD regular budget support for the inter-regional network and for the quality control of training packages. It would be desirable for TRAINFORTRADE to follow the same path taken by TRAINMAR, in response to a growing demand from developing countries.

85. In view of the need for increased investment in HRD and training functions and the rapid evolution of both training methodology and approaches to substantive subject areas, UNCTAD will need to develop its research work in HRD and training in trade-related functions and services, building upon the successful work already carried out in this area, for instance in the field of ports.